

## ***U.S.-CAFTA-DR Free Trade Agreement*** **Nebraska Farmers Will Benefit.**

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Exports of farm products help boost Nebraska's farm prices and income. Such exports help support about 47,400 jobs both on and off the farm in food processing, storage, and transportation. In 2003, Nebraska's farm cash receipts were \$10.6 billion, and agricultural exports were estimated at \$3 billion, putting its reliance on agricultural exports at 29 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase Nebraska's exports of agricultural products.

### **Nebraska Benefits From the U.S.- CAFTA-DR Free Trade Agreement (FTA)**

Despite over \$1.6 billion in U.S. farm exports in 2003, CAFTA-DR countries continue to impose high tariffs and other barriers on most agricultural products, including Nebraska's key exports. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with other competitors. This objective was achieved. Over 50 agricultural industry and farm groups, including the American Farm Bureau, support the FTA.

**Meats.** As the nation's leading exporter of meats, Nebraska beef and pork producers benefit from the FTA.

**Beef.** As the top source of nearly \$6 billion in cash receipts and Nebraska cattle and calve operators benefit from immediate elimination of duties on the products most important to the U.S. beef industry – Prime and Choice cuts – in Central American countries, while the Dominican Republic will establish a zero duty TRQ of 1,100 metric tons which expands annually as duties are eliminated.

- Current import duties on U.S. beef exports are as high as 30 percent, and the WTO permits duties as high as 79 percent.
- Some immediate duty-free access will be provided by certain countries on other beef cuts through an initial TRQ totaling 1,165 metric tons, expanding annually until duties are fully phased-out.
- Duties currently applied to other beef products and beef offals will be phased-out in 5 to 10 years.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, and the U.S. Meat Export Federation have expressed support publicly for the CAFTA-DR FTA.*

**Pork.** Providing the state's 4<sup>th</sup> leading source of farm cash receipts, Nebraska pork producers benefit from the duty-free access on pork cuts for each CAFTA-DR country. The opportunity for trade created through the TRQs total 13,613 tons, expanding by 5 to 15 percent per year until duties are eliminated.

- U.S. pork exporters currently face duties as high as 47 percent, and the WTO permits duties as high as 60 percent.
- Central American countries will immediately eliminate duties on bacon and some offal products, while the Dominican Republic will establish TRQs for bacon and fat that expand annually.
- All CAFTA-DR duties will be eliminated within 15 years and certain products will be subject to safeguards in some countries.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The National Pork Producers Council, the American Meat Institute, the U.S. Meat Export Federation, and the National Renderers Association have expressed support publicly for the CAFTA-DR FTA.*

**Corn.** As the 2<sup>nd</sup> largest source of farm cash receipts at over \$2 billion, Nebraska corn producers benefit from the FTA.

- U.S. corn exporters face duties up to 35 percent, and the WTO permits duties as high as 75 percent.
- Costa Rica and the Dominican Republic will eliminate their duty on yellow corn immediately. The other countries will provide preferential access through individual duty-free TRQs totaling 1,151,259 metric tons initially, growing by 5 percent per year as the over-quota duties are phased out over 15 years (10 years in the case of Guatemala).
- All currently applied duties on corn products (including corn flour, corn gluten feed, corn oil and high fructose corn syrup) will be phased-out in 15 years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, the National Grains Trade Council, the North American Export Grain Association, the U.S. Grains Council, and the North American Millers Association have expressed support publicly for the CAFTA-DR FTA.*

**Soybeans and Products.** As the 3<sup>rd</sup> largest source of state farm cash receipts and the nation's 5<sup>th</sup> largest exporter, Nebraska soybean producers benefit from the FTA.

- Central American and Dominican import duties range from zero to 20 percent, and the WTO permits duties as high 90 percent.
- CAFTA-DR countries will provide immediate duty-free access for soybeans. Duties on soybean meal and flour will be eliminated immediately in most CAFTA-DR countries.
- Most CAFTA-DR countries will immediately eliminate duties on crude soybean oil, and the current duties on refined soybean oil phased out over 12 to 15 years.
- *The American Soybean Association, the National Grain and Feed Association, and the National Oilseed Processors Association have expressed support publicly for the CAFTA-DR FTA.*

**Wheat.** As the 5<sup>th</sup> largest source of state farm cash receipts, Nebraska wheat producers benefit from the FTA.

- U.S. grain suppliers will benefit from zero duties immediately on wheat in all six countries, as well as on some processed grain products.
- The WTO generally permits duties up to 60 percent, but can exceed 100 percent.
- *The National Association of Wheat Growers, the National Grain and Feed Association, the National Grain Trade Council, the North American Export Grain Association, the U.S. Wheat Associates, the Wheat Export Trade Education Committee, and the North American Millers Association have expressed support publicly for the CAFTA-DR FTA.*

*Sugar Production in Nebraska - Map*